Supplemental Reporting Document
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August 2008 Investment Committee Meeting
(June 2008 Reporting Period)

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August 18, 2008

SUPPLEMENTAL ITEM

TO: MEMBERS OF THE INVESTMENT COMMITTEE

I. SUBJECT: Quarterly Performance Report

II. PROGRAM: Alternative Investment Management (AIM) Program

III. RECOMMENDATION: Consent

IV. ANALYSIS:

Background

In accordance with AIM Program Policy and as provided for in the external resources' contracts, quarterly performance reports are required for the AIM Program. Attachment 1 provides the AIM Portfolio Performance Report as of March 31, 2008. The report may be modified over time to reflect additional enhancements.

Program Review

As of March 31, 2008, the AIM Program had a total exposure of $47.8 billion. Since inception, the AIM Program has made contributions of $34.8 billion and received distributions of $24.5 billion and has a reported value of $23.1 billion. Of the $24.5 billion in distributions, $13.7 billion represents realized gains, income, and dividends. The AIM Program has realized a 1.4x return of contributed capital. Since Inception to March 31, 2008, the AIM Program has generated a net IRR of 13.6%.

V. STRATEGIC PLAN:

Goal VIII: Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits and second, to minimize and stabilize contributions.

VI. RESULTS/COSTS:

Attachment 1 provides the Executive Summary for the Alternative Investment Management Program - Quarterly Review prepared by the Private Edge group of State Street Corporation and verified by the Performance Monitoring Unit staff.

Dana C. Warmenhoven
Investment Officer
Performance Monitoring Unit

Matt Flynn
Division Chief

Anne Stausboll
Interim Chief Investment Officer

ATTACHMENT 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

ALTERNATIVE INVESTMENT MANAGEMENT PROGRAM

QUARTERLY REVIEW

EXECUTIVE SUMMARY

For the quarter ended
March 31, 2008

Prepared by The Private Edge® Group, State Street Corporation

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I. ALTERNATIVE INVESTMENT MANAGEMENT PROGRAM (AIM)

A. AIM PROGRAM - OVERALL PORTFOLIO

This quarterly review has been prepared by The Private Edge® Group ("PEG") at State Street Corporation and verified by the Performance Monitoring Unit Staff, based on cash flow, valuation and activity data captured by PEG and various AIM Program External Resources. Specific highlights of the portfolio are given below.

Portfolio Summary

- As of March 31, 2008, the AIM Program had a total exposure of $47.8 billion. Total exposure is the current reported value of investments plus the remaining amount of unfunded commitments.

- Since inception, the AIM Program has made contributions of $34.8 billion, received distributions of $24.5 billion and has a remaining reported value of $23.1 billion. Of the $24.5 billion in distributions, $13.7 billion represents realized gains, income and dividends.

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SUMMARY OF AIM PORTFOLIO
SINCE INCEPTION (MARCH 1990) THROUGH MARCH 31, 2008
(US$ IN MILLIONS)

	Capital Contributed(3)	Distributions		Reported Value(5)	Investment Multiple
		Return of Capital	Realized Gain(4)		
Total Active Commitments(1)	**$30,875.7**	**$8,016.8**	**$11,036.3**	**$23,117.7**	**1.4x**
Total Exited Commitments(2)	**$3,921.6**	**$2,828.6**	**$2,651.3**	**--**	**1.4x**

(1) An active commitment refers to an investment that has not reached the end of its legal term.

(2) An exited commitment is defined as a commitment that has ended in accordance with the terms of the partnership agreement.

(3) Includes fees in excess of committed capital.

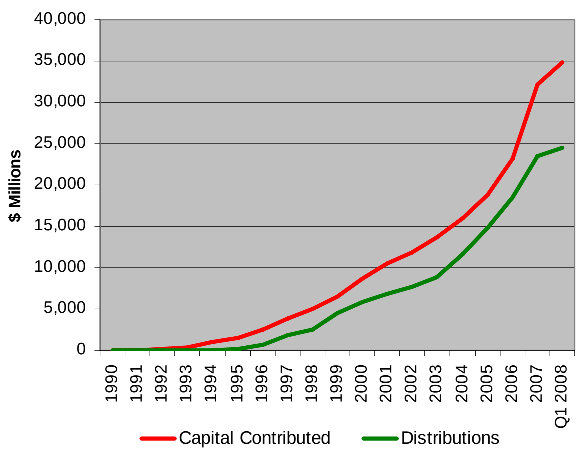
(4) Realized gains include interest, dividends, gains and losses distributed by the general partners in addition to interest paid by CalPERS for participation in subsequent closings of certain investments.

(5) Based on values reported by the general partners as of March 31, 2008.

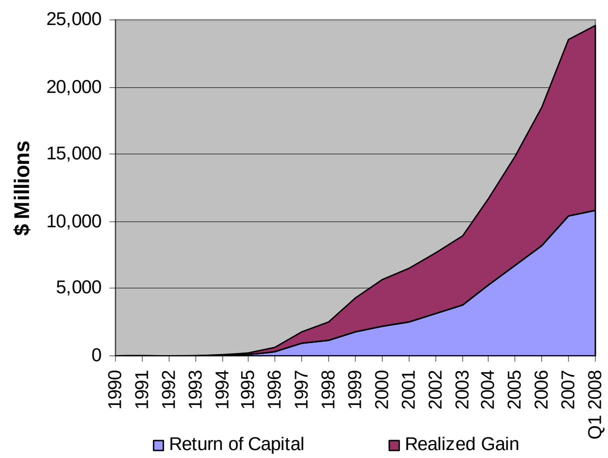
Performance

- Since inception to March 31, 2008, the AIM Program generated a net IRR of 13.6%. At March 31, 2008, the public market ten-year rolling average return for the CalPERS' Custom Wilshire 2500 Index plus 300 basis points was 9.1%.
- As of March 31, 2008, the weighted average age of all of the current investments in the AIM portfolio was 3.3 years. Consequently, a large portion of the portfolio is in the early stage of its investment life, when payment of fees has not been offset by young investments that are held at cost. This is known as the J-Curve effect.
- To address the young age of the partnership portfolio, CalPERS adopted a short-term benchmark, the Venture Economics Custom Young Fund Universe. The benchmark measures performance of the AIM partnerships in the first five years of life against a similarly aged universe of Venture Economics data. As of March 31, 2008, the AIM young fund net internal rate of return ("IRR") was 15.5% which exceeded the estimate of the March 31, 2008 Custom Young Fund Universe median return of 4.4% by 1,100 basis points. The AIM Program is displaying solid returns for a young portfolio.

AIM PROGRAM CUMULATIVE CASH FLOW SINCE INCEPTION



AIM PROGRAM CASH DISTRIBUTIONS SINCE INCEPTION



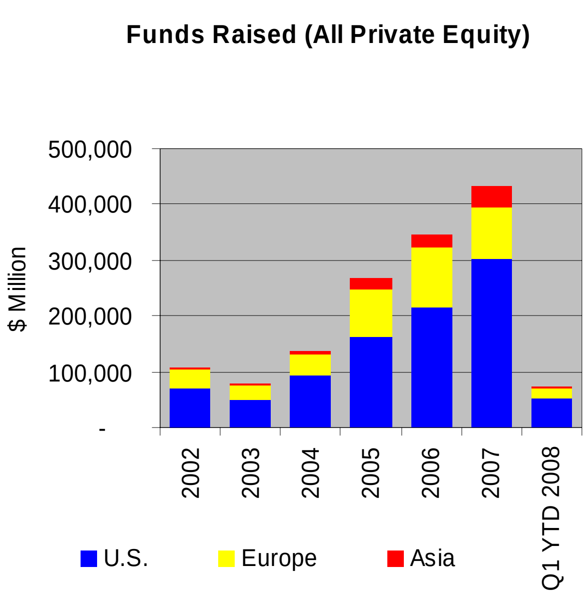
Portfolio Activity

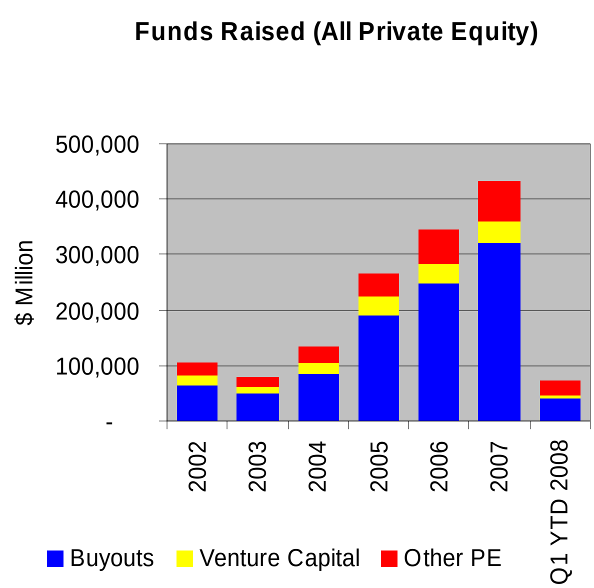
- 19 new commitments were authorized during the first quarter of 2008 for a total of $4.8 billion.
- During the first quarter of 2008 the AIM Program received 92 proposals for new investment opportunities.
- During the first quarter of 2008, the AIM Program contributed $2.6 billion to and received distributions of $1.0 billion from the underlying portfolio. Of the $1.0 billion in distributions, $0.5 billion represents income and realized gains.

B. MARKET OVERVIEW

Market

- According to the Private Equity Analyst, $72.3 billion was committed globally to 117 funds during the first quarter of 2008. The commitment pace is up 14% from the first quarter of 2007 when $63.6 billion was committed globally to 133 funds. Between 2003 - 2007, the global pace of new commitments increased at an annual rate of 53%.
- Commitments to U.S. private equity funds grew by 18% during the first quarter of 2008 to $51.6 billion, comprising 71% of all new funds. Commitments to European private equity funds grew by 48% during the first quarter of 2008 to $17.4 billion, comprising 24% of all new funds. Commitments to Asian private equity partnerships declined by 58% during the first quarter of 2008 to $3.3 billion, comprising 5% of all new funds.
- Venture capital fundraising decreased by 4% during the first quarter of 2008 with $6.3 billion of commitments, comprising 9% of all new funds. Buyout fundraising was down 16% from the first quarter of 2007 with $40.3 billion committed in the first quarter of 2008, comprising 56% of all new funds. The remaining $25.7 billion raised in the first quarter of 2008 was committed to other private equity funds (primarily mezzanine funds, fund of funds and secondary funds), comprising 36% of all new funds.
- Venture capital fundraising increased most rapidly for U.S. funds, with a 16% increase in the first quarter of 2008. European venture capital fundraising declined 43% during the first quarter of 2008, while Asian venture capital fundraising increased by 12%. Overall, the average size of a new venture capital fund increased by 6% during the first quarter 2008 to $137.8 million.
- Buyout fundraising increased most rapidly for European funds, with a 159% increase in the first quarter of 2008. U.S. and Asian buyout fundraising declined by 37% and 68%, respectively, during the first quarter of 2008. Overall, the average size of a new buyout fund declined by 12% during the first quarter of 2008 to $759.6 million.



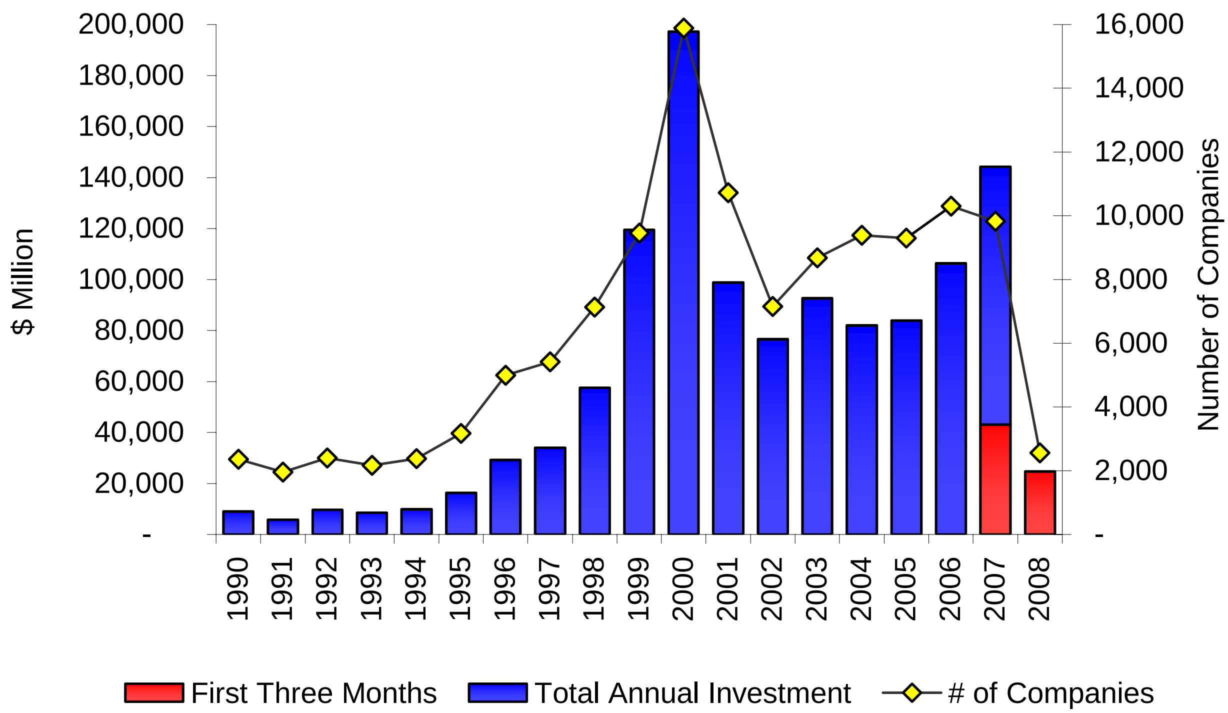


Source: Private Equity Analyst

- Deal activity for all private equity during the first three months of 2008 decreased in dollar amount but increased in the number of companies receiving funding compared to the first three months of 2007. According to Venture Economics, 2,562 companies received $24.7 billion in funding in the first three months of 2008, compared with 2,319 companies that received $43.1 billion in the first three months of 2007.

- In the first three months of 2008, venture capital activity increased in dollar amount and in the number of companies receiving funding compared to the first three months of 2007. According to Venture Economics, 1,979 companies received $14.8 billion in venture funding in the first three months of 2008 compared with 1,739 companies that received $13.4 billion in the first three months of 2007. During the first three months of 2008, buyout activity decreased in dollar amount and increased in the number of companies that received funding. According to Venture Economics, 1,199 companies received $13.7 billion in buyout funding in the first three months of 2008, compared with 1,050 companies that received $28.6 billion in first three months of 2007.[6]

Dollars Invested (All Private Equity)



Source: Venture Economics

[6] According to Venture Economics, certain investments meet the definitions for both Venture and Buyout categories and are included in the total for each category. For the purposes of determining the Total Private Equity investments for the quarter, these investments are included only once. As such, the sum of Venture and Buyout categories exceeds the Total Private Equity figures for the quarter by the amounts of the investments that meet both Venture and Buyout definitions.

C. PORTFOLIO OVERVIEW

Portfolio Diversification – By Strategy

The AIM Program invests in all types of private equity and is well diversified. The total exposure is generally consistent with the diversification within the private equity marketplace. Thus, a majority of AIM Program's total exposure is to Corporate Restructuring, Distressed Securities, and Expansion Capital.

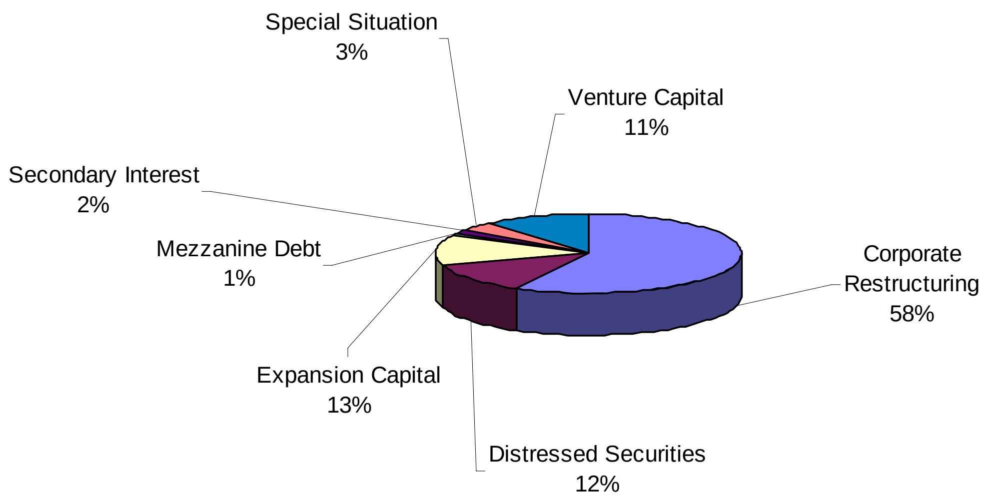
TOTAL EXPOSURE BY PORTFOLIO STRATEGY
(US$MILLION)

	Unfunded Commitments	Reported Value	Total Exposure	Contributions	Distributions	
					Return of Capital	Realized Gain[7]
Corporate Restructuring	$14,989.8	$12,669.8	$27,659.6	$16,507.5	$4,495.8	$7,259.4
Distressed Securities	$2,768.4	$3,047.6	$5,816.0	$3,412.4	$489.8	$490.2
Expansion Capital	$2,351.1	$3,772.0	$6,123.1	$4,528.1	$998.0	$1,266.9
Mezzanine Debt	$248.7	$161.2	$409.9	$456.6	$241.6	$119.3
Secondary Interests	$483.6	$320.8	$804.4	$811.4	$639.6	$182.1
Special Situation	$1,059.7	$495.2	$1,554.9	$790.3	$229.6	$207.3
Venture Capital	$2,824.0	$2,651.1	$5,475.1	$4,369.4	$922.4	$1,511.1
Total	**$24,725.3**	**$23,117.7**	**$47,843.0**	**$30,875.7**	**$8,016.8**	**$11,036.3**

(7) Realized gains include interest, dividends and gains distributed by the general partners.

The below graph depicts the AIM Program's strategy diversification by total exposure.

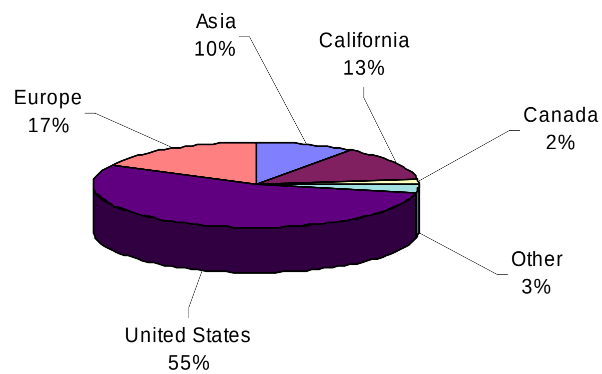
AIM Program - Portfolio Diversification by Strategy
As a Percentage of Total Exposure
As of March 31, 2008



Portfolio Geographic Diversification

As of March 31, 2008, CalPERS' AIM portfolio was well diversified by geographic region. By reported market value, 13% of the investments were in companies with their primary locations within California and 55% of the investments were in non-California domestic areas. International portfolio companies represented 32% of the total reported market value of all portfolio companies.

Portfolio Diversification by Geographic Location
As Measured by CalPERS' Reported Value
As of March 31, 2008



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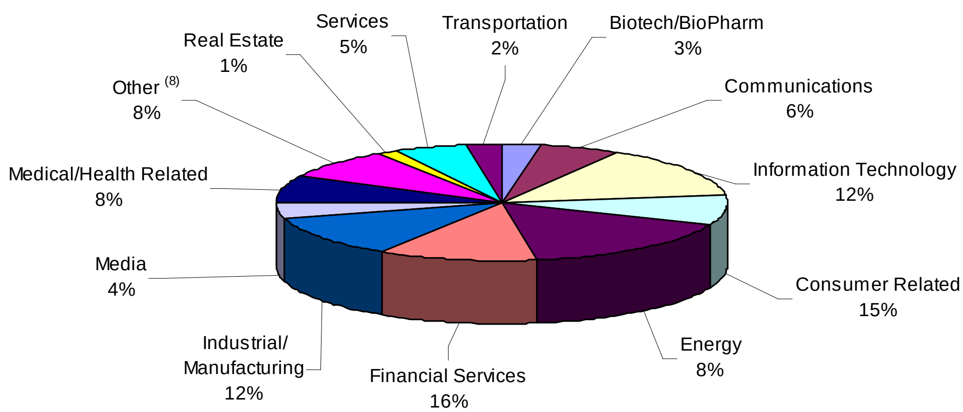
Portfolio Company Diversification by Industry

As of March 31, 2008, the CalPERS AIM portfolio was broadly diversified by industry. The table below outlines the current reported value of the portfolio companies held in the AIM portfolio. Within the overall portfolio, the largest segments were financial services, consumer-related, information technology and industrial/manufacturing.

PORTFOLIO DIVERSIFICATION BY INDUSTRY
AS OF MARCH 31, 2008

Industry	Reported Value *(US$ MILLIONS)*
Biotechnology/BioPharma	$576.7
Communications	$1,196.3
Consumer-Related	$3,038.6
Energy	$1,668.3
Financial Services	$3,355.9
Industrial/Manufacturing	$2,407.7
Information Technology	$2,422.7
Media	$845.2
Medical/Health-Related	$1,610.1
Other[8]	$1,707.7
Real Estate	$296.7
Services	$1,104.8
Transportation	$525.8
Total	**$20,756.5**

Portfolio Diversification by Industry
As Measured by CalPERS' Reported Value
As of March 31, 2008



[8] Includes CalPERS' investments held through fund-of-funds.

California Focus

As of March 31 2008, the AIM Program had $14.0 billion in total exposure to funds that were either headquartered or had a major presence in California. The total exposure to funds that focus primarily on investments in California were $1.6 billion. In addition, many AIM Program partnerships actively make investments in California. Currently, California-based companies represent 13% of the reported market value of the AIM portfolio.

CALIFORNIA-BASED PORTFOLIO DIVERSIFICATION BY INDUSTRY
AS OF MARCH 31, 2008

Industry	Reported Value *(US$ IN MILLIONS)*
Biotechnology/BioPharma	157.7
Communications	129.6
Consumer-Related	361.1
Energy	54.7
Financial Services	562.5
Industrial Products/Manufacturing	78.8
Information Technology	543.4
Media	199.8
Medical/Health-Related	378.1
Other[9]	93.0
Real Estate	19.9
Services	138.8
Transportation	18.3
Total	**$2,735.6**

[9] Includes CalPERS' investments held through fund-of-funds.

The AIM Program includes a California-oriented component that is designed to take advantage of a number of factors conducive to targeted investment activity within the state: (i) the unique size characteristics of the California economy; (ii) the existence of a "capital gap" for certain business segments within the state; and (iii) the ability to construct a diversified array of investment vehicles that reflects the state's large number of business entities and the wide range of development cycles that they represent.

Commitments and Contributions Since Inception

Since inception to March 31, 2008, CalPERS has contributed capital of $34.8 billion, including exited investments. As expected, the earlier vintage year partnerships have the highest deployment percentage as it typically takes some time for each partnership to call down the full amount of committed capital. The total capital committed by vintage year is presented in the table below.

SUMMARY OF CAPITAL COMMITMENTS AND CONTRIBUTIONS
(US$ IN MILLIONS)

Vintage Year	*Capital Committed*	*Capital Contributed*	*Reported Value*	*Return of Capital*	*Realized Gain (10)*	*Investment Multiple*
1990	$125.3	$121.9	$0.2	$119.5	$176.2	2.4x
1991	171.7	179.6	0.3	150.5	358.8	2.8x
1992	160.0	156.6	0.5	109.4	232.1	2.2x
1993	563.0	560.0	13.4	459.9	613.7	1.9x
1994	1,507.6	1,416.9	89.3	930.3	1,413.0	1.7x
1995	1,197.9	1,141.3	36.3	740.9	1,146.0	1.7x
1996	1,155.9	1,133.8	49.7	663.9	815.9	1.4x
1997	1,111.9	1,091.3	173.9	544.3	868.6	1.5x
1998	2,216.7	2,177.5	398.5	1,346.8	1,246.3	1.4x
1999	1,208.2	1,148.7	252.8	573.0	677.5	1.3x
2000	3,978.2	3,689.6	1,700.7	1,614.7	1,673.3	1.4x
2001	4,817.1	4,288.4	3,688.4	1,809.5	2,342.6	1.8x
2002	1,092.6	1,014.9	723.1	409.0	445.4	1.6x
2003	1,496.2	1,283.6	1,123.4	467.7	717.0	1.8x
2004	2,014.6	1,585.9	1,466.2	433.2	518.5	1.5x
2005	3,912.6	2,977.4	3,045.7	321.2	318.9	N/M
2006	9,246.7	4,960.6	4,874.7	81.6	115.0	N/M
2007	16,325.0	5,181.0	4,783.9	68.3	8.8	N/M
2008	3,680.8	688.2	696.7	1.7	0.0	N/M
Authorized (11)	$4,363.80	-	-	-	-	N/A
Total	**60,345.80**	**34,797.20**	**23,117.70**	**10,845.40**	**13,687.60**	**1.4x**

(10) Realized gains include interest, dividends, gains and losses distributed by the general partners in addition to interest paid by CalPERS for participation in subsequent closings of certain investments.

(11) These commitments have been authorized subject to satisfactory final due diligence, negotiation of investment terms and conditions and completion of all legal documents, including opinions of counsel regarding the preservation of CalPERS' limited liability status, and no material changes to the investment opportunity.

D. SIGNIFICANT EVENTS/ MATERIAL EXCEPTIONS TO POLICY (AS REPORTED BY THE AIM PROGRAM)

Significant Events

- During Q1 2008, the AIM Program closed on a portion of its planned secondary sale of partnership investments.

- No other events to report for the quarter ended March 31, 2008.

Material Exceptions to Policy

- None to report for the quarter ended March 31, 2008.

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August 18, 2008

SUPPLEMENTAL ITEM

TO: MEMBERS OF THE INVESTMENT COMMITTEE

I. SUBJECT: Proxy Voting – Quarterly Report Results

II. PROGRAM: Public Markets

III. RECOMMENDATION: Consent Item

IV. ANALYSIS:

On a quarterly basis, staff provides a report on CalPERS' proxy voting results to the Investment Committee. This supplemental item provides detailed results on CalPERS' proxy votes for the period April 1, 2008 to June 30, 2008. Staff is delegated the authority and responsibility to execute all proxies and voting instructions in a manner that is consistent with the Board's Global Proxy Voting Principles.

Table 1 below provides a summary of CalPERS' internal proxy voting results for the period. Staff continues to update this table to provide the Committee with a 5-quarter rolling analysis of CalPERS' proxy voting results.

Table 1: Summary of CalPERS proxy voting results

Period	Approximate Number of Meetings Voted	Approximate Number of Individual Items Voted	Number of Shareowner Proposals Voted	Percent of Shareowner Proposals Supported
04/01/08 to 06/30/08	5,797	53,917	743	72%
01/01/08 to 03/31/08	1,042	6,695	46	67%
10/01/07 to 12/31/07	1,164	6,981	38	81%
07/01/07 to 09/30/07	1,107	7,341	48	90%
04/01/07 to 06/30/07	5,031	42,956	549	79%

Source: Glass Lewis (Viewpoint)

In addition to the summary above, we have prepared detailed reports of CalPERS' proxy votes cast during the period April 1, 2008 to June 30, 2008 as attachments for this item. Although the attachments are not included in the agenda materials due to their size, they may be requested through the Investment Committee Secretary.

Attachment 1 contains the internal proxy voting decisions made in CalPERS' domestic portfolios and CalPERS' international portfolios, including staff's comments.

PROXY VOTING HIGHLIGHTS FOR THE DOMESTIC AND INTERNATIONAL PORTFOLIOS APRIL 1, 2008 to JUNE 30, 2008:

1) Executive Compensation:

CalPERS voted **AGAINST** the following executive compensation plans (Table 2):

Table 2: Votes AGAINST executive compensation plans

Company	Meeting	Reason
Teledyne Technologies Inc.	4/22/08	The plan allows for reload stock options.
American Axle & Manufacturing Holdings	4/24/08	CalPERS believes the plan is too costly when compared to its peers.
Castle AM & Co.	4/24/08	CalPERS believes equity grants should have minimum vesting periods of at least 3 years.
Urban Outfitters Inc.	5/20/08	The plan allows for the repricing of stock options.
Petroquest Energy Inc.	6/13/08	The plan contains an evergreen provision.

2) Shareowner proposals:

CalPERS voted **FOR** of the following shareowner proposals (Table 3):

Table 3: Votes FOR of shareowner proposals

Company	Meeting	Proposal	Reason
Bank of New York Mellon Corp.	4/8/08	Advisory Vote on Executive Compensation	CalPERS believes allowing an advisory vote on executive compensation will benefit shareowners and the company.
Lehman Brothers Inc.	4/15/08	Regarding Political Contributions Report	CalPERS believes the proposal poses no long-term harm to the company.
Newmont Mining Corp.	4/23/08	Majority Vote for Director Elections	CalPERS believes a majority of the proxies cast should be required to elect a director.
Invacare Corp.	5/21/08	Declassify the Board of Directors	CalPERS believes every director should be elected annually.
Aetna Inc.	5/30/08	Regarding Cumulative Voting	CalPERS believes shareowners should have the right to cumulate votes in the election of directors.
Wal-Mart Stores Inc.	6/6/08	Amend EEO Policy to Prohibit Discrimination	CalPERS is a firm supporter of best practices in the workplace.
Kroger Co.	6/25/08	Regarding a Product Toxicity Report	CalPERS believes the proposal poses no long-term harm to the company.

CalPERS voted **AGAINST** the following shareowner proposals (Table 4):

Table 4: Votes AGAINST shareowner proposals

Company	Meeting	Proposal	Reason
United Technologies Corp.	4/9/08	Adopt Principles for Health Care Reform	CalPERS believes this proposal may be too restrictive and may pose long-term harm to the company.
Goldman Sachs Group Inc.	4/10/08	Regarding Stock Options	CalPERS is opposed to repricing stock options without shareowner approval. However, CalPERS believes eliminating the company's ability to grant stock options may be too restrictive.
Medco Health Solutions Inc.	5/22/08	Proposal to Limit Executive Compensation	CalPERS believes the proposal could unfairly restrict the company’s ability to attract and retain competent executives and thereby cause long-term harm to the company.

3) Website votes:

The following is a sample of Website votes cast during the quarter (Table 5):

Table 5: Website votes cast

Company/Date	Issue	Vote	Reason
Coca Cola Co. 4/15/08	Advisory Vote on Executive Compensation	For	CalPERS believes allowing an advisory vote on executive compensation will benefit shareowners and the company.
American Express Co. 4/28/08	Eliminate Supermajority Requirements	For	CalPERS believes shareowner voting rights should not be subject to supermajority voting requirements.
CVS Caremark Corp. 5/6/08	Ability to Call Special Meetings	For	CalPERS believes shareowners should be able to call special meetings.
Ford Motor Co. 5/7/08	Long-Term Incentive Plan	Against	CalPERS believes Evergreen provisions should be prohibited.
Standard Pacific Corp. 5/8/08	Director Election	Against	Withhold from D. Jacobs and L. McNabb due to the company’s stock price under performance and governance concerns. Standard Pacific is a 2008 Focus List company.

4) International Proxy Voting:

A sample of International votes cast **AGAINST** management during the quarter (Table 6):

Table 6: International AGAINST votes cast

Company	Country	Issue	Reason
EFG International 4/29/08	Switzerland	Director Election	Withhold from nominee J. Cuoni. The compensation committee should be composed of a majority of independent directors.
Amec PLC 5/14/08	United Kingdom	Appoint Auditor	CalPERS believes fees paid to the auditor for non-audit related services are excessive.
Deutsche Wohnen AG 6/17/08	Denmark	Stock Option Grants	Stock options should vest over a period of three years.
Eiffage 6/25/05	France	Amend Voting Rights	CalPERS is a firm supporter of the principle one-share one-vote.
Denki Kagaku Kogyo 6/2708	Japan	Adoption of Takeover Defense Plan	CalPERS believes the implementation of Takeover Defenses is not in the best interest of shareowners.

5) Proxy Contests

A sample of votes cast for contested meetings (Table 7)**:**

Table 7: Votes cast at contested meetings

Company	Dissident	Dissident's Complaints	CalPERS Vote	Reason for the Vote
CSX Corp. 6/25/08	TCI Group	Poor operating performance, concern over the company safety record, and a board with little railroad experience.	Voted with management	CalPERS supported the current members of the board due to the strong stock performance of the company.

6) Mergers & Acquisitions (Performance Reporting):

The following measures the performance of staff's vote recommendations on Mergers and Acquisitions within CalPERS' Top 300 Holdings (Table 8):

Table 8: Vote recommendations on Mergers and Acquisitions

Target	Acquirer	Vote	Vote Date	Active Return 1, 2, 3, 4
Unocal	Chevron	For	8/10/05	0.18%
Providian	Washington Mutual	For	8/31/05	-1.51%
PacifiCare	UnitedHealth	For	11/17/05	-2.11%
Maytag	Whirlpool	For	12/22/05	0.50%
WellChoice	WellPoint	For	12/28/05	-0.98%
Siebel	Oracle	For	1/31/06	1.73%
Jefferson-Pilot	Lincoln National	For	3/20/06	-0.55%
Albertsons	SuperValu	For	5/30/06	1.20%

BellSouth	AT&T	For	7/21/06	1.39%
Kerr-McGee	Anadarko	For	8/10/06	0.55%
Golden West	Wachovia	For	8/31/06	-2.75%
Lucent	Alcatel	For	9/7/06	-1.45%
Amsouth	Regions Financial	For	10/3/06	-1.83%
ICOS Corp.	Eli Lilly	For	1/25/07	-0.56%
McData	Brocade Communications	Against	1/25/07	-0.56%
Phelps Dodge	Freeport-McMoran	For	3/14/07	2.74%
Caremark	CVS. Corp.	Against	3/15/07	1.72%
Mellon Financial	Bank of New York	For	3/24/07	0.25%
GlobalSantaFe Corp.	Transocean	For	11/9/07	1.50%
JP Morgan	Bear Stearns	For	5/29/08	N/A
PORTFOLIO (value-weighted basis)				**-0.54%**

1) Stock and portfolio excess returns are as of May 30, 2008 - the latest date for available control factors data.
2) Excess return is return after controlling for market, size, momentum and growth/value.
3) Excess returns are monthly excess returns.
4) N/A indicates that the regression could not be performed because there was only one observation at the time of the analysis.

V. STRATEGIC PLAN:

This item is not a product of either the 2007-08 Strategic or Annual Plan.

VI. RESULTS/COSTS:

Costs associated with proxy voting are contained within the Investment Office budget.

Todd Mattley
Investment Officer

Bill McGrew
Portfolio Manager

Eric Baggesen
Senior Investment Officer

Anne Stausboll
Interim Chief Investment Officer

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August 18, 2008

SUPPLEMENTAL ITEM

TO: MEMBERS OF THE INVESTMENT COMMITTEE

I. SUBJECT: Internally Managed Domestic Fixed Income (Quarter Ended June 30, 2008)

II. PROGRAM: Domestic Fixed Income

III. RECOMMENDATION: Information Only

IV. ANALYSIS:

Attached is a report that reviews compliance of the internally managed domestic fixed income portfolio to approved policy guidelines for the quarter ended June 30, 2008.

The Investment Committee approved the "Statement of Internally Managed Dollar Denominated Fixed Income Policy, Guidelines and Procedures" at its May 13, 1996 meeting. As recommended by the Investment Policy Subcommittee, these guidelines require at least quarterly reporting on relative duration, sector weightings, and violations of the policy.

Section I of the report graphically displays interest rate risk of the portfolio by comparing its duration relative to that of its benchmark, the Lehman Long Liability Index (LLL). Duration is a measure of price sensitivity to interest rate changes. It is the percentage change in price given a 100 basis point (1 Percent) move in interest rates. As indicated in the graph, the portfolio is well within the guideline of ± 20% of the Lehman Long Liability on an option adjusted basis.

Section II of the report depicts the sector risk of the portfolio. Sector risk is the risk of holding proportions of asset class sectors that differ from proportions in the benchmark index, the Lehman Long Liability. The table lists the permissible range for weightings in each sector, and sector weightings of the Lehman Long Liability and this portfolio. The portfolio is within approved guidelines.

Section III of the report describes violations of the overall policy and guidelines, including investing only in permissible securities and compliance with specified restrictions. There were no violations of policy or guidelines during the quarter ended June 30, 2008.

V. STRATEGIC PLAN:

This item supports Goal VIII: Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits and second, to minimize and stabilize contributions.

VI. RESULTS/COSTS:

The market value of the internally managed domestic fixed income portfolio as of June 30, 2008 was $49.5 billion. This agenda item provides a review of portfolio compliance to its guidelines.

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Rhonda Webb
Investment Officer

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Curtis D. Ishii
Senior Investment Officer

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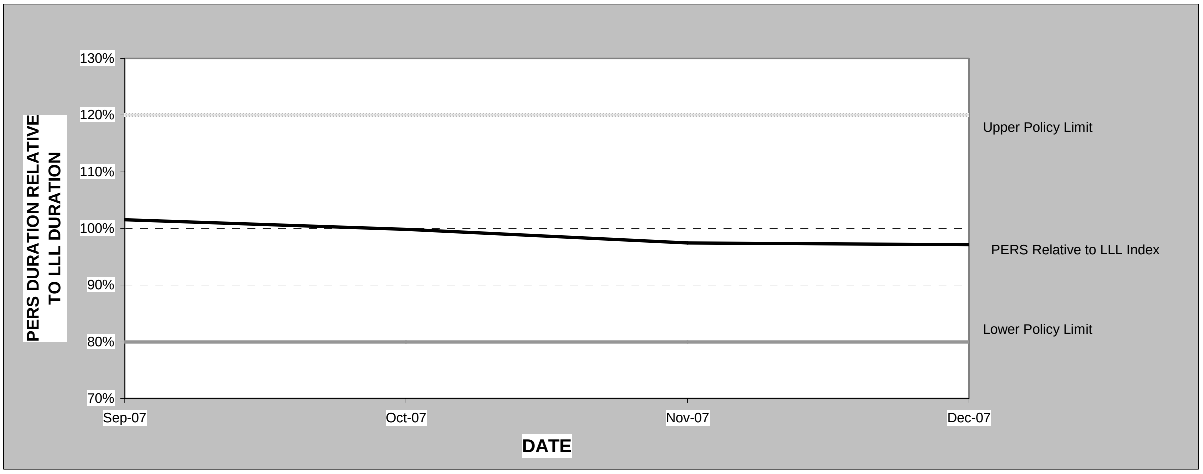
Anne Stausboll
Interim Chief Investment Officer

QUARTERLY REVIEW OF THE
DOMESTIC FIXED INCOME PORTFOLIO
ENDING June 30, 2008

I. Interest Rate Risk



II. Sector Risk

SECTOR	PERMISSIBLE RANGE	LONG LIABILITY	9/30/07 PERS	12/31/07 PERS	3/31/08 PERS	6/30/08 PERS
Government	**0-50**	**40**	**32**	**24**	**21**	**18**
Mortgages	**10-60**	**30**	**37**	**41**	**42**	**43**
Sovereigns	**0-15**	**3**	**2**	**2**	**2**	**2**
Investment Grade Corporates	**10-60**	**24**	**25**	**29**	**31**	**31**
Opportunistic[1]	**0-19**	**3**	**2**	**4**	**4**	**6**

[1] *High Yield*

III. Violations to Policy:

None

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August 18, 2008

SUPPLEMENTAL ITEM

TO: MEMBERS OF THE INVESTMENT COMMITTEE

I. SUBJECT: Internally Managed Short-Term Fund (Quarter Ended June 30, 2008)

II. PROGRAM: Domestic Short-Term

III. RECOMMENDATION: Information Only

IV. ANALYSIS:

Attached is a report that reviews compliance of the internally managed short-term fund to approved policy guidelines for the quarter ended June 30, 2008.

The Investment Committee approved the "California Public Employees' Retirement System's Statement Of Internally Managed Dollar Denominated Short-Term Fund Investment Policy, Guidelines and Procedures" (Policy) at its November 18, 1996 meeting. These guidelines require at least quarterly reporting of weighted-average days to maturity, portfolio allocation by asset class and credit quality, and an exceptions report that covers policy violations.

Section I measures the short-term fund's interest rate exposure using weighted-average days to maturity.

Section II lists the portfolio's allocation by asset class and credit quality as of quarter end. The table also lists other positions of the fund relative to policy restrictions. The portfolio is within approved guidelines.

Section III describes violations of the Policy that occurred during the quarter, including investing only in permissible securities and compliance with specified restrictions. There were no violations during the quarter ending June 30, 2008.

V. STRATEGIC PLAN:

This item supports Goal VIII, Objective 4, Strategy C by providing a monitoring system that periodically updates risk management review and findings for the asset class.

VI. RESULTS/COSTS:

The market value of the short-term portfolio as of June 30, 2008 was $2.2 billion. This agenda item reviews the portfolio's compliance to its guidelines.

Prepared by:

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Rhonda Webb
Investment Officer

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Robert Booker
Investment Officer

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Jean Hsu
Portfolio Manager

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Curtis D. Ishii
Senior Investment Officer

____
Anne Stausboll
Interim Chief Investment Officer

QUARTER REVIEW OF THE DOMESTIC
SHORT-TERM FUND ENDING June 30, 2008

I. Interest Rate Risk

The weighted-average days to maturity of the Short-Term Fund was 1 day.

II. Asset Allocation by Asset Type and Credit Quality, and Other Policy Limits

Asset Type	Policy Limits	Portfolio Holdings
State Street Bank STIF	100%	93.31%
U.S. Treasury and Agencies	100	0.0
Repurchase Agreements	20	0.0
Corporate Securities	100	6.69
Asset-Backed Securities	25	0.0
Total Short-Term Fund		100.0%

Credit Quality		
Securities rated A1/P1 or higher	100%	93.31%
Total Split Rated and A2/P2	30	6.69
Total Short-Term Fund		100.0%

Other Restriction		
Total Floating Rate Exposure	50%	0.0%

III. Violations To Policy

None.

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August 18, 2008

SUPPLEMENTAL ITEM

TO: MEMBERS OF THE INVESTMENT COMMITTEE

I. SUBJECT: Internally Managed Dollar Denominated Limited Duration Funds
(Quarter Ended June 30, 2008)

II. PROGRAM: Domestic Fixed Income

III. RECOMMENDATION: Information Only

IV. ANALYSIS:

Attached is a report that reviews compliance of the internally managed Dollar Denominated Limited Duration funds to approved policy guidelines for the quarter ended June 30, 2008.

The Investment Committee approved the “California Public Employees' Retirement System Statement Of Investment Policy For Dollar-Denominated Fixed Income Limited-Duration Investment Policy” (Policy) at its February 14, 2006 meeting. These guidelines require at least quarterly reporting of portfolios duration, sector weightings, fixed and floating rate breakout, security rating scales, and an exceptions report that covers policy violations. This policy is for the High Quality Libor Fund (HQL) and the Short Duration Fund (SDF). Attachment A is the quarter review of the High Quality Libor Fund and Attachment B is the quarter review of the Short Duration Fund.

Section I measures the short-term fund’s interest rate exposure using portfolio duration. Both HQL & SDF portfolios are within approved guidelines.

Section II lists the portfolio’s allocation by asset class and credit quality as of quarter end. The table also lists other positions of the fund relative to policy restrictions. Both HQL & SDF portfolios are within approved guidelines.

Section III describes violations of the Policy that occurred during the quarter, including investing only in permissible securities and compliance with specified restrictions. There were eight violations in the HQL portfolio during the quarter ended June 30, 2008. The total current face of the securities was $245,931,034 which was 1.58% of the HQL portfolio (1.42% of the total Limited Duration portfolios). These securities were downgraded from AAA to AA due to the downgrade of monoline insurers guaranteeing these securities. Staff reviewed each security and determined the securities provided good value for the SDF portfolio given the current depressed level of price. The securities were sold at market value to the SDF portfolio to bring the HQL portfolio back in compliance.

V. STRATEGIC PLAN:

This item supports Goal VIII, Objective 4, Strategy C by providing a monitoring system that periodically updates risk management review and findings for the asset class.

VI. RESULTS/COSTS:

As of June 30, 2008, the market value of the High Quality Libor Fund was $15 billion and the market value for the Short Duration Fund was $2 billion. The total market value of the Dollar Denominated Fixed Limited Duration portfolios as of June 30, 2008 was $17 billion. This agenda item reviews the portfolios' compliance to its guidelines.

Prepared by:

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Rhonda Webb
Investment Officer

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Robert Booker
Investment Officer

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Jean Hsu
Portfolio Manager

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Curtis D. Ishii
Senior Investment Officer

____
Anne Stausboll
Interim Chief Investment Officer

Attachment A

QUARTER REVIEW OF THE INTERNALLY MANAGED HIGH QUALITY LIBOR FUND ENDING June 30, 2008

I. Interest Rate Risk

The policy states that duration of the portfolio shall not exceed 90 days. The portfolio duration of the High Quality LIBOR Fund was 26 days.

II. Asset Allocation by Asset Type and Credit Quality, and Other Policy Limits

Asset Type	Policy Limits	Portfolio Holdings
STIF Funds	100%	2.09%
AAA Floating Rate Structured Securities	100	97.91
AAA Fixed Rate Structured Securities	20	0.00
Money Market Securities (>= A1/P1)	100	0.00
Money Market Securities (< A1/P1)	25	0.00
High Quality Libor Fund		100.0%

Credit Quality	Policy Limits	Portfolio Holdings
Securities rated AAA (LT) or A1/P1 (ST) or higher	100%	100%
Total Split Rated and A2/P2 money market securities (> 1 day maturity)	25	
High Quality Libor Fund		100.0%

Other Restriction	Policy Limits	Portfolio Holdings
Total Fixed Rate Exposure (> 35 day maturity)	20%	0.00%

III. Violations To Policy

The following policy violations occurred this quarter:

On June 24, 2008, S&P downgraded the securities listed below.

Security	S&P Downgraded from	S&P Downgraded to	Current Face	% of HQL Portfolio	% of Limited Duration Portfolios
CWL_06-S6_A1	AAA	AA	26,858,483	0.17%	0.16%
CWL_06-S8_A1	AAA	AA	55,792,066	0.36%	0.32%
CWL_06-S10_A1	AAA	AA	11,174,008	0.07%	0.06%
CWL_07-S1_A1A	AAA	AA	65,743,078	0.42%	0.38%
COAFT_06-B A3B	AAA	AA	20,501,958	0.13%	0.12%
MSHLC_07-1_A	AAA	AA	41,961,718	0.27%	0.24%
OOMLT_07-FXD1_3A	AAA	AA	11,065,245	0.07%	0.06%
WASI_07_HE1_A	AAA	AA	12,834,478	0.08%	0.07%
Total			245,931,034	1.58%	1.42%

The downgrades were due primarily to the preceding downgrades of the monoline insurers for each security. Each downgrade triggered violation of the following issue: “MBS, CMBS, & ABS must be >=AAA”. Staff reviewed each security and determined that due to the performance of underlying collateral and the protection from the deal structure the securities provide good value for SDF portfolio given the current depressed level of price. The securities were sold at market value to SDF portfolio which accepts higher risks (the minimum SDF portfolio credit rating is BBB). This action brought HQL portfolio back in compliance.

Attachment B

QUARTER REVIEW OF THE INTERNALLY MANAGED SHORT DURATION FUND ENDING June 30, 2008

I. Interest Rate Risk

The policy states that duration of the portfolio shall not exceed 180 days. The portfolio duration of the Short Duration Fund was 18 days.

II. Asset Allocation by Asset Type and Credit Quality, and Other Policy Limits

Asset Type	Policy Limits	Portfolio Holdings
State Street Bank STIF	100%	16.59%
AAA Structured Securities	100	41.80
Non AAA Structured Securities	50	22.57
ABL Line Item	100	15.67
Money Market Securities (>= A1/P1)	100	0.00
Money Market Securities (< A1/P1)	25	3.37
Total Corporate Securities	50	0.00
Short Duration Fund		100.0%

Credit Quality		
Securities rated AAA (LT) or A1/P1 (ST) or higher	100%	58.37%
Total Split Rated and A2/P2 (ST) or non-AAA (LT)	50	41.63
Short Duration Fund		100.0%

Other Restriction		
Total Fixed Rate Exposure (> 35 day maturity	35%	0.00%

III. Violations To Policy

None

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August 18, 2008

SUPPLEMENTAL ITEM

TO: MEMBERS OF THE INVESTMENT COMMITTEE

I. SUBJECT: Member Home Loan Program Quarterly Performance Report

II. PROGRAM: Member Home Loan Program (MHLP)

III. RECOMMENDATION: Information only

IV. ANALYSIS:

For the quarter ended June 30, 2008, the CalPERS MHLP purchased approximately $131.0 million of FNMA and GNMA securities. This represents a $73.9 million decrease from the previous quarter total of $204.9 million.

During the same period, the CalPERS MHLP also purchased $11.1 million of jumbo whole loans. This represents a $16.6 million decrease from the previous quarter total of $27.7 million.

For the 12 month period July 1, 2007 through June 30, 2008, the MHLP purchased approximately 2,388 real estate loans totaling $591.6 million.

V. STRATEGIC PLAN:

This item is consistent with Goal V: Provide sustainable pension benefit products and services responsive to and valued by members, employers and stakeholders.

VI. RESULTS/COSTS:

Attachment 1 is the quarterly report prepared by CitiMortgage.

Mark Yelavich
Investment Officer

Daniel Kiefer
Opportunistic Portfolio Manager

Arnold B. Phillips
Senior Portfolio Manager

Curtis D. Ishii
Senior Investment Officer

Anne Stausboll
Interim Chief Investment Officer

ATTACHMENT 1

CalPERS
Member Home
Loan Program

CalPERS Member Home Loan Program

Quarterly Update Report as of June 30, 2008

Presented by:

citimortgage

Manager of
CalPERS Member Home Loan Program
(“MHLP”)

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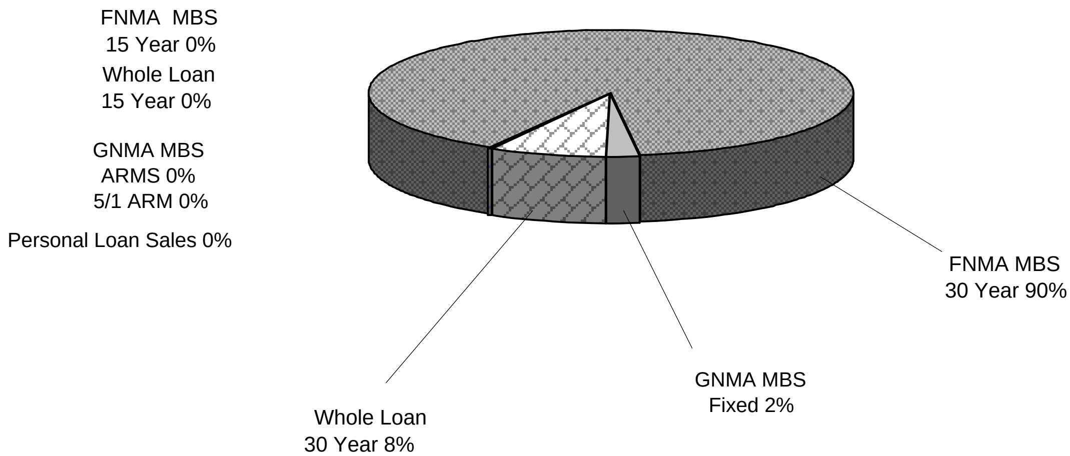
Quarterly Purchases

CalPERS Purchases Quarter Ending 06/30/08



INVESTMENT TYPES	LOANS	AMOUNT PURCHASED	Weighted Avg. Coupon	Weighted Avg. Maturity (Mos.)
FNMA Mortgage-Backed Securities[1]				
15 Year	0	$0	0.00%	0.0
30 Year	521	$127,760,121	5.28%	354.0
ARMs (all conforming)	0	$0	0.00%	0.0
GNMA Mortgage-Backed Securities[2]				
Fixed	12	$3,247,469	5.00%	357.0
Variable	0	$0	0.00%	0.0
Whole Loans[3]				
15 Year	0	$0	0.00%	0.0
30 Year (including ARMs)	37	$11,156,227	5.89%	351.5
Sub-Total	570	$142,163,817	5.32%	353.9
Personal Whole Loans*	39	$435,527	8.25%	161.8
GRAND TOTAL	**609**	**$142,599,344**	**5.33%**	**353.3**

FEES CHARGED ON SECURITIZED LOANS:

[1] **FNMA MBS**

Servicing fees	25 basis points

[2] **GNMA MBS**

Servicing fees	19 basis points / 44 basis points
Guaranty fees	6 basis points

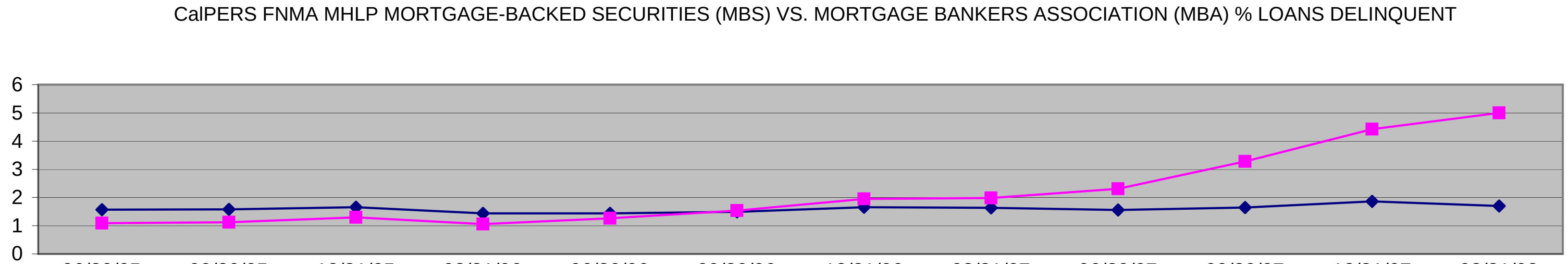
[3] **Whole Loans**

Servicing fixed	25 basis points
Servicing ARMS	37.5 basis points

*For reporting purposes, Personal Whole Loans are not included in the above pie chart.

Prime Conforming Loan Delinquency Comparison

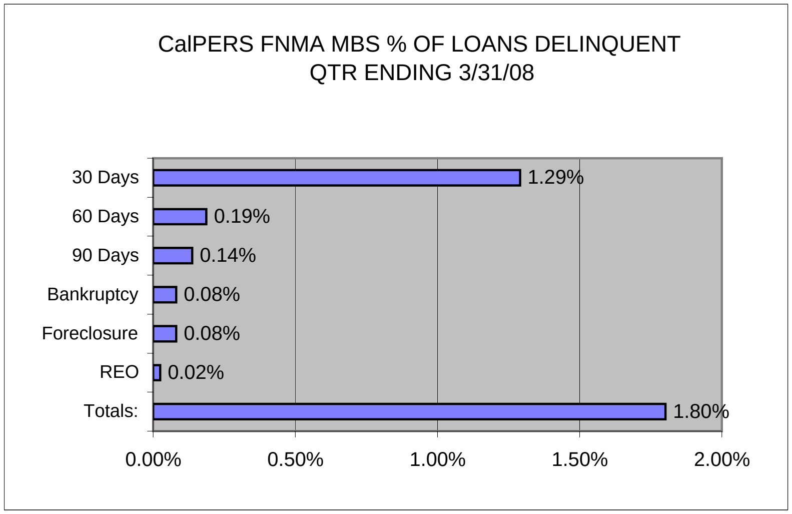
Fannie Mae Mortgage-Backed Securities ("MBS") VS. Mortgage Bankers Association ("MBA") % of Delinquent Loans



	06/30/05	09/30/05	12/31/05	03/31/06	06/30/06	09/30/06	12/31/06	03/31/07	06/30/07	09/30/07	12/31/07	03/31/08
CalPERS	1.57	1.58	1.66	1.44	1.44	1.49	1.65	1.63	1.56	1.64	1.86	1.70
MBA	1.09	1.12	1.30	1.06	1.26	1.54	1.95	1.98	2.31	3.28	4.42	5.00

CalPERS FNMA MBS DELINQUENCY
NUMBERS QTR ENDING 03/31/08

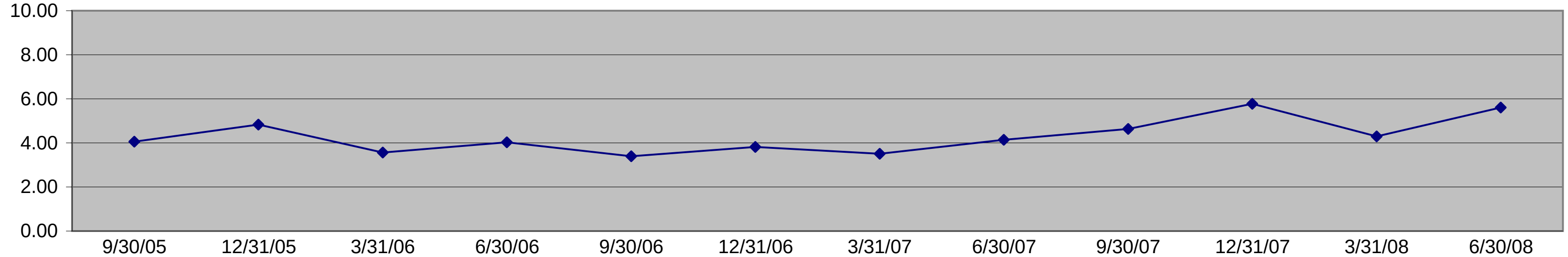
	# Loans	% Delinquent	UPB ($)	% Delinquent
30 Days	318	1.29%	$51,306,505	1.42%
60 Days	46	0.19%	$7,788,036	0.21%
90 Days	34	0.14%	$7,209,185	0.20%
Bankruptcy	20	0.08%	$3,100,292	0.09%
Foreclosure	20	0.08%	$4,110,597	0.11%
REO	6	0.02%	$1,195,134	0.03%
Totals:	444	1.80%	$74,709,749	2.06%
	Total Portfolio		**#** **24,648**	**$** **3,623,388,914**
Totals Less BK and REO:	**418**	**1.70%**	**$70,414,323**	**1.94%**



Source of the MBA % of delinquent loans is National Delinquency Survey California prime loans.
Since MBA does not report on REO/Bankruptcy, MHLP percentage will not reflect REO/Bankruptcy.
Delinquent loans are those that are 30, 60, or 90 days late and loans that are in foreclosure.
Total Portfolio reflects total MHLP MBS outstanding principal balance regardless of CalPERS ownership of the MHLP MBS.
For all graphs above, percentages are based on loan count.

Personal Loan Delinquency Report

% LOANS DELINQUENT FOR QUARTER ENDING 6/30/08

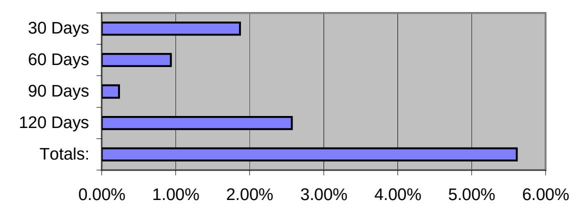


	9/30/05	12/31/05	3/31/06	6/30/06	9/30/06	12/31/06	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08
% Delinquent	4.06	4.83	3.57	4.03	3.39	3.81	3.51	4.14	4.63	5.78	4.29	5.61

PERSONAL WHOLE LOANS
DELINQUENCY NUMBERS
QTR ENDING 06/30/08

	# Loans	% Delinquent	UPB ($)
30 Days	32	1.87%	$154,279
60 Days	16	0.94%	$97,181
90 Days	4	0.23%	$31,538
120 Days	44	2.57%	$206,437
Total Delinquent	96	5.61%	$489,436
Total Portfolio	**1,711**	**$9,971,500**	

PERSONAL WHOLE LOANS
% OF LOANS DELINQUENT
QTR ENDING 06/30/08



For all graphs above, percentages are based on loan count.

Personal Loans that have been purchased by CalPERS (program to date):	
Number of Loans: 19,744	Total: $146,199,262

Personal Loans that have been called into default (program to date):	
Number of Loans: 576	Total: $2,633,761

Participating Lender List

Quarter Ending 06/30/08

LENDER NAME	#BRANCHES	WHOLESALE LENDER*
ALTURA CREDIT UNION	1	
BROADVIEW MORTGAGE COMPANY	10	
COUNTRYWIDE HOME LOANS, INC.	142	
CTX MORTGAGE COMPANY, LLC	18	
EAGLE HOME MORTGAGE, INC.	8	
FIRST HORIZON HOME LOAN CORPORATION	41	X
FIRST MORTGAGE CORPORATION	21	
GATEWAY BUSINESS BANK	21	
GMAC MORTGAGE CORPORATION	30	X
GUILD MORTGAGE COMPANY	16	
IMORTGAGE.COM	10	
LAND HOME FINANCIAL SERVICES INC.	4	
MASON-MCDUFFIE MORTGAGE CORP.	2	
METROCITI MORTGAGE LLC	15	
MOUNTAIN WEST FINANCIAL, INC.	3	X
NCMC A SUBSIDIARY OF NATIONAL CITY	24	
NL INC.	19	
PLATINUM HOME MORTGAGE CORP	3	
SIERRA PACIFIC HOME LOANS	6	X
SIERRA PACIFIC MORTGAGE COMPANY, INC.	10	X
THE GOLDEN 1 CREDIT UNION	1	
THE MORTGAGE HOUSE, INC.	9	
U.S. FINANCIAL MORTGAGE CORPORATION	7	
UNIVERSAL AMERICAN MORTGAGE COMPANY	16	
VITEK	2	
WELLS FARGO BANK, NA	123	
TOTAL NUMBER OF BRANCHES/WHOLESALE LENDERS:	562	**5**

TOTAL NUMBER OF PARTICIPATING LENDERS: 28

PUBLIC RECORDS ACT REQUESTS
April 1, 2008 – June 30, 2008

Request Date	Requester	Subject	Response
05/15/08	Media	Request for Real Estate information.	Response provided 07/27/08